GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2550
ANSWERED ON:08.12.2006
HOUSING FINANCE COMPANIES
Prasad Shri Hari Kewal;Renge Patil Shri Tukaram Ganpatrao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any provision for regulation of housing finance companies;

(b) if so, details theieof;

(c) whether the cases of fraud/cheating have come to the notice of the Government by these companies; and

(d) if so, the steps taken to check fraud/cheating of customers by `-these companies and to safeguard the interest of the investors?

Answer

(MINISTER OF THE STATE IN THE MINISTRY OF FINANCE) (SHRI PAWAN KUMAR BANSAL)

(a) & (b): Housing Finance Companies (HFCs) are regulated by National Housing Bank(NHB) under the provisions of National Housing Bank Act, 1987.

(c): NHB has reported that one HFC was found accepting public deposits in contravention of the Certificate of Registration (COR) issued to it. Hie COR issued to the Company has since been cancelled by NHB and public notice issued. Since the Company was found to have forged the COR, criminal proceedings have also been instituted by the NHB and action has also been taken by the NHB for winding up of the Company under the Companies Act, 1956.

(d): NHB has issued directions in 2001 with a view to safeguarding the interest of depositors and promoting healthy gro\rth of Housing Finance Companies in the country. A system of off-site surveillance involving submission of periodic returns and periodic on-site inspections of HFCs has been put in place with, the aim of tracking the financial health of the companies. Further, on receipt of any complaint regarding fraud, etc., against the HFCs, the same are investigated and enquired into by the NHB. Also, the status of frauds, etc., is monitored in the State Level Coordination Committee (SLCC) meetings convened by the RBI at their regional offices where the State Police are also participants.